

East Midlands Shared Services Joint Committee

Minutes of the meeting held at Loxley House, Nottingham. NG2 3NG on 24 June 2024 from 10.00 am - 11.13 am

Leicestershire County Council

- ✓ Councillor Lee Breckon (Vice-Chair)
- Councillor Peter Bedford
- ✓ Councillor Louise Richardson (Substitute)

Nottingham City Council

- ✓ Councillor Linda Woodings (Chair)
- ✓ Councillor Pavlos Kotsonis

Colleagues, partners and others in attendance:

Susan Baum	- Finance Business Partner, Leicestershire County Council
Simone Hines	- Assistant Director Finance, Strategic Property and Commissioning (LCC)
Shabana Kausar	- Director of Finance (NCC)
Lucy Littlefair	- Head of East Midlands Shared Services
Lee Mann	- Strategic Director of HR and EDI (NCC)
Jill Turner	- Business Development Manager, East Midlands Shared Services
Phil Wye	- Governance Officer (NCC)

Call-in

Unless stated otherwise, all decisions made by the East Midlands Shared Services Joint Committee are subject to call-in. The last date for call-in is **3 July 2024**. Decisions cannot be implemented until the next working day following this date.

1 Appointment of Chair

Resolved to appoint Councillor Linda Woodings as Chair of the Committee for the 2024-25 municipal year.

2 Appointment of Vice Chair

Resolved to appoint Councillor Lee Breckon as Vice-Chair of the Committee for the 2024-25 municipal year.

3 Apologies for Absence

Councillor Peter Bedford (sent substitute)

4 Declarations of Interests

None.

5 Minutes

The minutes of the meeting held on 18 March 2024 were confirmed as a correct record and signed by the Chair.

6 East Midlands Shared Services Annual Report 2023-2024

Lucy Littlefair, Head of East Midlands Shared Services, presented the report providing the Joint Committee with a summary of the performance of East Midlands Shared Service (EMSS) during 2023-24, highlighting the following:

- (a) 2023-24 has been a positive and high performing year for EMSS. Amongst the highlights has been the successful insourcing of debt back into the Finance Service Centre, demonstrating its ability to provide high quality recovery services to the partners;
- (b) the Oracle Recruiting Cloud (ORC) was launched in April 2023. In order to use the module a number of compromises were required, mainly to accommodate staff without work email addresses. At that time both partners committed to providing work emails, however this has proven more complex than anticipated;
- (c) significant work has been undertaken in working with Mastek to improve the delivery of the Managed Service contract. Service levels are now generally within contract requirements and the service plan continues to drive improvements;
- (d) the partners purchased Oracle Guided Learning in May 2023 as part of the Oracle contract renewal. EMSS picked up its implementation to ensure that it was available for use by partners, however the uptake was not uniform. This allowed an additional review before committing further expenditure on the system;
- (e) a new feature resulting from contract renewals was the introduction of Fusion Analytics Warehouse (FAW) for both finance and HCM. This is a reporting system that allows for far greater analysis of data as well as the ability to combine information in Oracle with other data sets;
- (f) an Oracle Cloud Infrastructure (OCI) health check was undertaken to ensure that the configuration of the core infrastructure of the Oracle system conformed to best practice and did not present any potential weaknesses. Overall, 61 deficiencies were identified, some of which were serious. Work began immediately to remedy the worse issues. However, the best way of resolving the majority of the issues was to move from Oracle's Generation 1 infrastructure onto Generation 2. This would also improve general system running and should, over time, reduce the costs of universal credits. The move to Generation 2 was completed in November and all the identified weaknesses have been addressed in line with Oracle's recommendations;
- (g) the Employee Service Centre (ESC) has introduced the Assure system, which is a product by Egress for the checking of payrolls. Primarily it was procured to support the vast quantity of quality checks needed to implement the sickness solution as part of parallel payroll runs. However, its significant functionality is supporting the day to day operation as well;

- (h) an alternative bank account checking system has been procured and implemented as the system in use from Experian did not return an acceptable level of positive matches, Bank verification processes are now much improved;
- (i) work is progressing to finalise the plans for Redwood, the new look and feel for the Oracle system, which also includes new functionality;
- (j) the overall trend for customer satisfaction is generally on an upwards trajectory, with overall satisfaction remaining at 83%, just below the target of 85%;
- (k) the ESC Transformation Plan has delivered significant benefits for the service, with the decision to withdraw from the education market being the most impactful. 255 schools and academies were given notice in February 2023 and smoothly transitioned to alternative providers by the end of August 2023. It was a huge project, involving the migration of data, liaison with new providers, supporting maintained schools through regular communications, discussions with finance colleagues and managing queries;
- (l) work is outstanding to discuss and update the vision for the shared service in the short to medium term, to ensure its plans are aligned with the strategic priorities of each of the partner councils. It is requested that the Sponsors provide the direction required by September 2024, to ensure any requirements are included in the budget setting process, updated Medium Term Financial Plan and Strategic Plan for the next four years.

Resolved to

(1) note the performance of EMSS during 2023-24;

(2) request that the EMSS Sponsors and Head of EMSS meet to discuss and develop an updated 4 year vision and strategic plan for EMSS by 1 September 2024.

Reasons for decisions:

- To note the performance of EMSS for 2023-24 including Quarter 4 (Q4).
- To receive an update on the progress of the projects within the Business Plan for 2023-24 and 2024-25.
- To ensure that the Joint Committee can form a clear and accurate view of the performance of the service, reporting any highlights or concerns back into their own organisation.

Other options considered:

- None, as EMSS is required by the Partnership agreement to provide performance updates to Joint Committee.

7 East Midlands Shared Services - Budget outturn 2023-2024 and 2024-25 budget update

Susan Baum, EMSS Finance Business Partner, presented the report providing the Joint Committee with an update on the outturn position of the East Midlands Shared Service (EMSS) and Oracle/ICT spend for the financial year 2023-24 and use of reserves, highlighting the following:

- (a) the overall outturn position for EMSS on 31st March 2024 (period 12) was £5.61 million, which represents an overspend of £12k (or 0.2%) against the approved budget for the year. This includes the agreed pay award, based on £1,925 per FTE, which totalled £280k and represented a £60k overspend against the approved budget provision;
- (b) the opening reserve balance at the start of 2023-24 was £14k. This has been used to fund the balance of the cost associated with the Bantec replacement system (£14k). A commitment was also made in-year to fund the seeded absence project. Work is ongoing and a contribution of £105k has been made from the 2023-24 budget to the reserves, to cover the final invoices. The closing balance on the reserve on 31st March 2024 is £105k and will be used to pay for the remaining works on the seeded absence project during 2024-25;
- (c) additional funding was separately approved in March 2022 to address outstanding projects following the closure of the Fit for the Future programme and to fund the archiving of Ebusiness, of which a balance of £87k remained for 2023-24. The actual cost amounted to £87k in 2023-24, representing an underspend of £15k (17.7%) – an improved position on that previously reported to Joint Committee in January 2024;
- (d) the overall funding requirement for 2024-25 now stands at £5.64 million, which represents an increase of £41k (or 0.7%) compared to the current level of partner contributions, with the service effectively absorbing 83% (or £198k) of the projected £239k pay award for 2024-25.

Resolved to

- (1) Note the outturn position of EMSS for 2023-24, reporting an overspend of £12,000. Additional contribution made by each partner authority was £6,000;**
- (2) note the reserve position;**
- (3) Note the spend against additional earmarked funding for completing the Fit for the Future programme and stabilising the Employee Service Centre and HR/Payroll System.**

Reasons for decisions:

- To receive the outturn position of the EMSS for the financial year 2023-24, an update on the reserve position, and to acknowledge the restated spend against additional earmarked funding, approving any additional funding requirements.

Other options considered:

- The requirement to provide financial outturn position to the Joint Committee is a key part of the financial management process and therefore, no other options were relevant.

8 East Midlands Shared Services - Internal Audit Update

Shabana Kausar, Director of Finance, Nottingham City Council, presented the report providing the Joint Committee with an update on East Midlands Shared Service (EMSS) 2023-24

Internal Audits and seeking approval for the 2024-25 EMSS Audit Plan, highlighting the following:

- (a) the draft internal audit reports for 2023-24 Payroll and Accounts Receivable will be issued to EMSS management by end of June 2024 for review, with a view to finalise internal audit opinion in quarter 2;
- (b) due to resource limitations Accounts Receivable and System Admin and Access Control, the approach adopted in 2023-24 has been focused on follow-up recommendations from 2022-23;
- (c) internal capacity has been a key factor in the slippage of EMSS audit activity in 2023-24. Whereas the internal audit function did not have capacity to deliver this, the Council commits to making available the necessary resource for completing the 2023-24 audit;
- (d) following discussions with LCC, NCC has agreed that 2024-25 will be the last year that it provides the service. NCC and LCC will work in partnership with EMSS over the coming year to explore delivery options for an audit provision for EMSS from 1 April 2025;
- (e) currently there is a shortage of experienced and skilled audit professionals in the market and NCC is not alone in experiencing recruitment issues including through the interim market. For 2024-25 NCC will continue to manage the EMSS audit plan alongside the NCC audit plan through internal provision including use of agencies and will keep EMSS and LCC abreast of any deviations or changes to audit plan timelines.

Resolved to

- (1) note the progress against the audit plan for 2023-24;**
- (2) note the draft audit plan for 24-25, subject to a final plan being brought back to the Committee in September by the Head of Internal Audit for approval;**
- (3) note that 2024-25 will be the last year that NCC will provide an Internal Audit service to EMSS;**
- (4) note that NCC and LCC will be working with EMSS to explore options for delivering an Internal Audit provision from 2025/26, with the recommended option to be brought back to committee for consideration in the early part of quarter 3.**

Reasons for decisions:

- To receive assurance that EMSS has appropriate audit arrangements in place.

Other options considered:

- None.

9 Future Meeting Dates

Resolved to meet on the following Mondays at 10.30am:

East Midlands Shared Services Joint Committee - 24.06.24

- 16 September 2024
- 9 December 2024